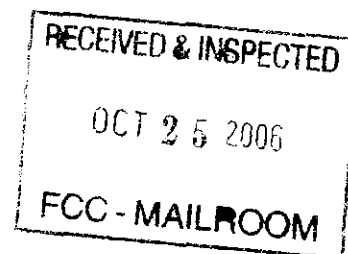


October 20, 2006

DOCKET FILE COPY ORIGINAL

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

CC: 02-6



Dear Ms. Dortch:

I am writing to you today as a very concerned small service provider operating in the New York City Metro Area and Northern New Jersey, and providing service under the FCC/USAC/SLD-E-Rate program.

We have been involved with the E-Rate program, which is part of FCC/USAC/SLD, since its inception back in 1998.

I am writing to you today as I have already used every available means of communication with USAC/SLD trying to resolve years of on-going issues and disputes, as well as abuse that has to do with USAC and SLD payment practices and response to service provider inquiries, in particular.

For years we have been a dedicated service provider servicing schools under the Schools and Libraries Division of USAC. We strive to provide the best service to our schools, some of which are among the most disadvantaged and poor schools in the nation.

While we do our best for the schools and their students in the spirit of the E-Rate program, and we run, not walk, the extra mile for them, we find that USAC and SLD, in particular, have grown to be typical mediocre government organizations which deliberately abuse their power and authority at the expense of the schools which they are supposed to serve and the service providers who are depending on prompt payment to survive.

Let me further explain.

Quoting from USAC/SLD's own main web site: (<http://www.usac.org/default.aspx>)

"Schools & Libraries support goes to service providers that provide discounts on eligible services to eligible schools, school districts, libraries, and consortia of these entities."

Quoting from your own FCC website: (<http://www.fcc.gov/learnnet/>)

Advanced Communications:

Congress has asked the FCC to check that schools are receiving the advanced communications tools they need. Section 706 of the Telecommunications Act of 1996 requires the FCC to conduct regular inquiries to see that advanced telecommunications are in fact becoming accessible. If the FCC finds that they are not, it must accelerate the deployment of advanced services by removing barriers to investment and promoting competition. The FCC is required to use its regulatory tools to encourage the deployment of advanced telecommunications to all Americans, including, in particular, elementary and secondary schools and classrooms.

In other words, the FCC must act to ensure that cutting edge telecommunications technology is available in schools -- and classrooms in those schools -- around the country on an ongoing basis. See the FCC's Section 706 Advanced Services Inquiry web page for more information.

It appears that USAC and SLD are insuring that the responsibilities to provide those services are the service provider's responsibility and not the FCC's/USAC's/SLD's as mandated by Congress. Furthermore, it appears that USAC and SLD are abusing their power, providing elusive answers to legitimate inquiries about applicant (school) status, and are not making payments to service providers in a professional and timely fashion which, in fact, makes the service providers the entity that subsidizes the services to the schools from their own pockets.

If a service provider is not willing to take this kind of abuse and subsidize what otherwise would be FCC responsibility, schools will not get what Congress asked the FCC to do, based on the above section 706 of the Telecommunications Act of 1996.

Let me explain what happens in reality.

An applicant (a school that either already participates in the E-Rate program or is eligible to participate) must follow very strict rules, guidelines and deadlines in order to even be considered eligible for the E-Rate program.

The E-rate FY (Funding Year) is considered the time frame between July 1st of the current funding year and June 30th of the following year.

So FY2006 is the time frame between July 1, 2006, and June 30, 2007.

For a school to even be eligible for E-Rate funding during FY2006, which started already on July 1, 2006, the process had to start much, much earlier.

On or about September or October 2005, a school can start the process for the coming FY and file USAC form 470 which initiates the process. Once the school submits form 470, but no later than 28 days before the next deadline (which was on or about February 15, 2006), the school must select the services they want to acquire under the E-Rate program and, further, select the proper service provider/s for those services and adhere to other program requirements, such as getting several bids and so on.

The entire process must be completed no later than the mid-February deadline.

Once filed properly and within the above time frame and deadlines, the school can check and verify that their application was filed within the time frame. (USAC/SLD language that confirms that the form/s were filed either electronically or manually within the programs time limitations and deadlines is called "Certified-In Window").

While "Certified-In Window" does not ensure that the applicant will be funded, the paperwork leading to this status is required for a school to be funded and for a service provider to get paid later.

Let's put some real names and numbers to further explain why I write to you today and file an official complaint against USAC and SLD.

St. Raymond High Academy for Girls.

Applicant: ST RAYMOND ACADEMY FOR GIRLS

Entity #: 10623 Type: SCHOOL

Address: 2380 E TREMONT AVE, BRONX, NY 10462

This school has participated in the E-Rate program since 1998.

This school is a 90% school (meaning the school is entitled to a 90% discount or “subsidy” from E-Rate).

Therefore, the school is required to pay only the 10% of the cost of their Internet Access while the remaining 90% should be disbursed by USAC/SLD directly to the service provider/s which the schools selected on their 471 application.

Since FY2001 (the Funding Year that started on July 1, 2001, and ended June 30, 2002), this school selected MetComm.Net (us) as one of their many service providers under the E-Rate program.

We (MetComm.Net, LLC) are an ISP (Internet Service Provider) with an FCC/USAC/SLD SPIN (Service Provider Identification Number) which allows us to bid on schools’ business and, once selected, to provide the service, hoping to collect from the USAC/SLD their portion of the program.

For this particular school, we have been providing the same service for several years already.

Content filtered Internet Access is required by E-Rate and is adhered to under the CIPA (Child Internet Protection Act).

Each year the above school (the applicant) goes through similar procedures in order to be compliant with USAC/SLD/E-Rate program rules, regulations and integrity.

The school does get bids for the above content filtered Internet Access from several service providers as required by USAC/SLD/E-Rate.

Since MetComm.Net, LLC adheres to E-Rate and CIPA requirements and the service price structure is competitive and fair, and since the length of time being in this line of business, experience, and expertise, as well as MetComm.Net LLC’s competency and level of service satisfied this school and E-Rate requirements, the school selected MetComm.Net, LLC as their Internet Service provider of choice.

Simple process. Isn’t it?

The school selected us, we started to provide the service, we bill the school for their 10% portion and?

Well, there is no “and”. USAC/SLD is in no rush to either review the school’s application or to pay us, the service providers for their 90% portion.

So if the above school followed all E-Rate requirements in terms of paperwork, bidding process, and filing the different forms (470, 471) in a timely fashion and no later than mid February 2006, why is it that almost five months later, at the beginning of FY2006 or to be precise July 1, 2006, at the same time when we, the service providers start providing the school service, we can only be reimbursed for 10% of the monthly reoccurring cost of the Internet Access, which is the school’s portion?

Why is it that almost five months after the school filed for the same service and with the same service provider as in previous years, that the school (applicant) status for the funding year that already started on July 1, 2006, remains as “Certified-In Window”, which means basically nothing?

Why is it that six, seven, eight, nine and sometimes ten and more months after the school filed their application and two, three, four, five and more months into the current funding year, the school’s status with E-Rate is either still “Certified-In Window” or, if we, the service providers, are lucky, the status is changed to “Initial review” which

again means nothing in terms of when the service provider will be able to bill USAC/SLD and finally get our 90% portion paid?

Who gave USAC/SLD/E-Rate the right and the justification to drag their feet and take an indefinite amount of time to process a school application and either deny or approve funding, so service providers like MetComm.Net can finally, months into the current year, bill USAC/SLD and get paid for the 90% portion of the services they already provided the school for months?

Who gave USAC/SLD/E-Rate the right and the justification to move a school's application for E-Rate funding from "Initial Review" stage to "Final Review" stage and then to "Available for Quality Assurance" stage and back to "Initial Review" stage after the schools was already interrogated in yet another bureaucratic process called "Selective Review", creating more and more unjustified delays in approving (or denying) a school E-Rate application and, therefore, further delaying payment of the E-Rate 90% to the service provider?

We recently start seeing a "new" status for applicants (schools) that selected us as their service providers. "Held for Policy Guidance"- meaning "Your Form 471 is on hold because we need additional policy guidance from the FCC. Once we have received the necessary guidance, we will continue to process your Form 471". In other words USAC/SLD is now pointing their finger at you, the FCC and allowing themselves yet another justification for not moving forward with the applications process.

When making inquiries and asking those "unpleasant" questions as to "why does it take so long to process and application?" the answers we are getting are:

As it is our policy to not give a timeframe as to when you should expect to hear regarding a particular application, I can give you no more definitive timeline as to when those applications will be completed. As soon as we have completed our review, your applicants will be notified.

You may continue to check on the status of the applications, and I will check on them for you and tell you if we have a new status for you. Please contact me in a few weeks and I will tell you what I can regarding your outstanding applications.

Thank you for your inquiry to the Ombudsman office.

Sincerely,

Paul Stankus

***Paul Stankus
Asst. Manager of Customer Service
USAC
2000 L St. NW, Suite 200
Washington, DC 20036
Phone: (202) 776-0200 x1618
Fax: (202)776-0080
email: pstankus@universalservice.org***

Or,

Additionally, as a result of the 2 FCC Katrina orders, (see attached) the affected areas were given top priority for application review. I apologize for the resulting backlog as those applications in

the critical areas were expedited, but I hope that you can understand that some of the affected schools need all of the help they can get to resume normal operations.

Thank you for your participation in the E-rate program.

Sincerely

Paul Stankus
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Let's now put some dollars to the test.

The above school (ST RAYMOND ACADEMY FOR GIRLS) filed for 90% E-Rate funding and submitted the proper paperwork no later than mid February 2006 for IA (Internet Access) for the Funding Year FY2006.

The requested amount was for the entire FY2006 was about \$23,280.00

As the school is a 90% school, commencing July 1, 2006 (and almost 5 months after the latest filing day for this funding year), the school was invoiced by MetComm and the school paid their 10% portion of the monthly reoccurring Internet Access costs

Let's examine what has happened to the school's application since the school submitted it to USAC/SLD/E-Rate in mid February 2006.

- Once the schools filed the proper forms in mid February 2006, the school's application status as reported on USAC/SLD website was "Certified-In Window".
- On or about April or May 2006 the above school was "selected" for an audit under SRIR "Selective Review Information Request" process and was given 30 days to answer a nine page request form for the services the school applied for, e.g. Internet Access, the same service they applied for and were funded since 2001.
- The school immediately responded to the request for the Selective Review and within the given time frame.
- As of October 20, 2006, almost nine month from the February 2006 deadline, the school's application status is still in "Initial Review". Initial Review is just the beginning of the process, as it is followed by "Available for Quality Assurance", or "Held for Policy Guidance" and then "Available for Final Review" and, if all goes well, finally for "Final Review".
- Application status can move back and forth from the Final Review stage back to Initial Review and is held back for even longer times without any explanation to the service provider or the school.

Being an E-Rate service provider for many years we have seen situations where even for the simplest application, the process might take nine, eleven and even **twenty three** months to be completed, which does not mean we, the

service provider, will be paid immediately even after the school (applicant) funding is approved and over two years after the service was already provided.

When calling the USAC/SLD customer service phone number (888-203-8100) and talking to an agent, opening a case and requesting additional information as to the time frame it takes for an application to be either granted/funded or denied, the elusive answer is always: "It takes as long as it takes. It is our policy NOT to give a time frame as to how long it takes to process an application..."

When examining the above school alone we get the followings:

Total MRC (monthly reoccurring charges) for IA (Internet Access) for funding year FY2006 about \$23,280.00

School's 10% portion is about \$2,328.00/year or \$194/month

USAC/SLD/E-Rate portion is about \$20,960/year or \$1,747.00/month.

Since we are already in October 2006 and we, as Internet Service Providers, pay our providers as customary in the industry a month in advance, we are already \$6,988.00 in the rear for this school alone.

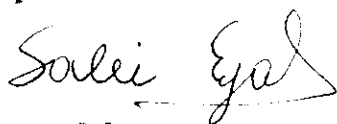
Multiply it by the 20 schools we service and we are, for this funding year alone, over \$135,000.00 is in the rear. We are loaning the government so far \$135,000 at no interest and with no assurance that we will ever be paid.

Are we expected to believe that congress meant that we, the service providers, carry on our back the financing of this burden until you guys will make up your mind how to guide e-rate on the performance of their duties? Are you aware that every week we get a disconnect letter from our carriers because we have difficulties meeting our obligations because we cannot borrow enough money to carry all our schools? And word has it that the SLD owes our carriers too. Do you guys have any idea how much it costs us to keep a school in business until the SLD finally pays us? Do you really think that we will have any school clients if we were unwilling to carry our schools for the funded portion? How will a blanket disconnect of all our schools' Internet Access help the FCC show that they are meeting Congress' expectations?

If you madam can answer those questions we would be very interested to here what they might be.

Sincerely,

Eyal Salei



President

MetComm.Net

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